

complaint

Miss O complains Santander UK plc refused her request to reduce her overdraft limit.

background

Miss O has a current account with Santander. She asked Santander earlier this year to reduce her overdraft – then £1,700 – by £50 each month. But Santander said it couldn't agree to the limit being reduced by £50 as Miss O now didn't meet its criteria for an overdraft of this size. The maximum overdraft she could now be offered was £500 less than her then overdraft and so the minimum amount the overdraft could be reduced by was £500.

Miss O recently tried to reduce the overdraft again by £50 and this was agreed.

As a result of her request being declined in February Miss O feels that her balance is approximately £400 higher than it would have been had Santander begun reducing the overdraft in February 2016, as she wanted. She says she will pay another eight months' worth of charges as a result, and has been kept in debt longer than necessary. She would like the business to refund the addition charges she believes she has paid.

When Miss O complained again to Santander it sympathised with the inconvenience the limitations to its system had caused and credited her account with £50 as a gesture of goodwill.

Our adjudicator didn't agree the complaint should be upheld. She thought that Miss O could have reduced her overdraft spending without the need for the bank to reduce the overdraft limit. And whilst she appreciated the bank had said that it was inconvenient for Miss O not being able to reduce this before, she is able to now. She also noted – as the account attracts an overdraft fee of £1 a day rather than interest – no financial detriment had been incurred by Miss O. Overall she thought the £50 compensation paid was adequate for the shortfall in service which Miss O received.

Miss O disagreed and asked for an ombudsman's decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see it would be frustrating when Santander refused Miss O's request to reduce her overdraft by £50. Santander has accepted that this is a result of 'system limitations' and paid Miss O £50. I think this is a fair response to her complaint. I've set out below why I don't think it would be fair to ask Santander to do more.

Miss O thinks she should get more because she thinks – had her request been accepted – her overdraft would be lower and she is out-of-pocket. She believes that by refusing to allow her to reduce her overdraft the bank acted unfairly and kept her in debt for longer than is necessary.

An authorised overdraft is an agreed amount by which a customer may go into debt on an account. The customer isn't required to go into this much debt. I understand Miss O's desire formally to reduce her overdraft limit. But once Santander refused her request, there was nothing to stop her from making her own decision not to spend up to the limit each month and to steadily bring the amount of her debt down herself. I therefore don't think it would be fair to hold Santander responsible for Miss O's debt being at its current level.

The charge made on her account for being within the authorised overdraft was a flat fee of £1 a day. Therefore I can't agree that Miss O has incurred any more charges as a result of Santander's refusal as whether Santander had refused or not she would still have paid £1 each day.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 13 March 2017.

Nicola Wood
ombudsman